## FARM MACHINERY VALUATION INSTRUCTIONS

To determine the market value for farm machinery, use the methods listed below. **"The methods should be used in a sequential order (1 before 2, 2 before 3, and 3 before 4)."**

1. Use the **"Average Wholesale"** value listed in the Northwest Region, Fall 2007, Official Guide by Iron Solutions

   **Example #1**: The taxpayer owns a 1995 (self-propelled) Case IH 2166 combine. The "average wholesale" is $35,968 as listed on page 269 in the current book.

   35,968 market value
   35,968 x 3% = 1,079 taxable value

   The taxpayer also has a 1995 25' Flexible Platform Header attachment for this combine. The "average wholesale" is $7,258 as listed on page 273 in the current book.

   7,258 market value
   7,258 x 3% = 218 taxable value

2. Use the Department of Revenue Farm Machinery Manual to determine the new costs. Apply the appropriate percentage from the New Cost Factor Chart (PPBA-3) to arrive at an original new cost. Multiply that value by the appropriate percentage (PPBA-16) to determine the current market value. The percentage to be used will be determined by the year new.

   **Example #2**: The taxpayer owns a 1972 press disc grain drill that is 14' long. She gives you an acquired price of $2,000 in 1983. In the Farm Machinery Manual you find that the per foot cost in 1977 is $256. Using the New Cost Factor Chart (PPBA-3) you determine the factor is 67%.

   14' x 256 per ft. = 3,584 (1977 new cost)
   3,584 x .67 = 2,401 (1972 new cost)
   2,401 x 25% = 600 market value
   600 x 3% = 18 taxable value

3. Apply the appropriate percentage to the original F.O.B. (factory price) or approximate new retail price as determined through old guidebooks. The percentage to be used will be determined by the year the farm machinery was new.

   **Example #3**: The taxpayer owns a 1962 Ford Dexta tractor. No current value is listed but you find a 1962 F.O.B. of $2,600 in an old guidebook.

   2,600 x 25% = 650 market value
   650 x 3% = 20 taxable value

4. Apply the appropriate percentage to the trended F.O.B. (factory price) or approximate retail price as determined by the new cost factor chart. The percentage to be used will be determined by the year the farm machinery was new.

   **Example #4**: The taxpayer owns a 1960 John Deere 1010 RU 115G combine. No current value is listed nor can you find a 1960 F.O.B. You can, however, find a 1963 F.O.B. of $2,506 for that model. Using the New Cost Factor Chart (PPBA-3) you determine the factor be .99.

   2,506 x 99% = 2,481 1960 trended F.O.B.
   2,481 x 25% = 620 market value
   620 x 3% = 19 taxable value

Note – The "Fall Official Guide" by Iron Solutions does not have an F.O.B. value, the older guides that list actual F.O.B.'s will need to be used.

5. Use the New Cost Factor Chart (PPBA-3) to trend down the wholesale value of Farm equipment whose same make and model are listed in the current Official Guide – Northwest Region, but whose year is no longer listed.

   You may use this method in place of method (3) or (4) ONLY if those methods result in a higher value being placed on a piece of farm equipment than the last year listed in the current Official Guide - Northwest Region for the same make and model.

   **Example #5:** The taxpayer owns a 1977 JD 4040 tractor. There is no current value listed but you find a wholesale value listed for a 1978 JD model 4040.

   7,680 wholesale for 1978 JD model 4040
   7,680 x .93 = 7,142 trended wholesale/market value
   7,142 x 3% = 214 taxable value

6. Apply the appropriate percentage to the acquired cost. The percentage to be used will be determined by the year acquired.

   **Example #6**: The taxpayer owns a 1980 Barnard 689F tractor. No current value is listed and you cannot find an F.O.B. for any year for that model. The taxpayer acquired the tractor in 1999 for $20,000.

   20,000 x 39% = 7,800 market value
   7,800 x 3% = 234 taxable value

Statute exempts all agricultural implements and machinery if the market value is below $100. If in using the above methods, you arrive at a market value of $99 or less on a piece of farm machinery or farm equipment, that item becomes exempt from taxation. Farm machinery or equipment would be that equipment valued under Schedule E of the PPB-3.

**Example**: The taxpayer has an old Ferguson harrow that she purchased in 1960 for $300.

300 x 25% = 75 market value.

This market value is less than $100 and therefore it is no longer taxable.

## FARM MACHINERY & EQUIPMENT DEPRECIATION SCHEDULE
## (BEVS - SCREEN 5)

This schedule is to be used from January 1, 2008, through December 31, 2008, (reference ARM 42.21.123).

| YEAR | | TRENDED % GOOD |
|---|---|---|
| 2008 | | 80% |
| 2007 | | 75% |
| 2006 | | 70% |
| 2005 | | 70% |
| 2004 | | 67% |
| 2003 | | 59% |
| 2002 | | 52% |
| 2001 | | 48% |
| 2000 | | 44% |
| 1999 | | 39% |
| 1998 | | 38% |
| 1997 | | 36% |
| 1996 | | 33% |
| 1995 | | 33% |
| 1994 | | 28% |
| 1993 | | 26% |
| 1992 | and older | 25% |

Statute exempts all agricultural implements and machinery if the market value is below $100.
(This depreciation schedule is also used to value lease & rental tanks) (Screen 2-Table 10)

Reference: 15-6-201 (1) (p)

Note: Do Not forget the manual contains a 1998 New Cost when trending down.

| Property Type | Class Code | Property Class | Taxable Percentage |
|---|---|---|---|
| Farm Machinery & Equipment | 6111 | 8 | 3% |